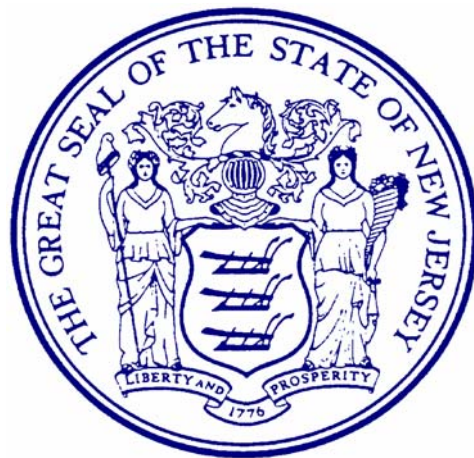


ACE GAMING, LLC T/A SANDS CASINO HOTEL QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

ACE GAMING, LLC T/A SANDS CASINO HOTEL

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$9,329	\$13,710
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$3,565; 2005, \$3,801).....		1,517	4,541
4	Inventories		1,984	2,588
5	Other Current Assets.....	Note 6	4,916	7,400
6	Total Current Assets.....		17,746	28,239
7	Investments, Advances, and Receivables.....	Note 7	13,442	12,930
8	Property and Equipment - Gross.....	Note 8	226,528	222,762
9	Less: Accumulated Depreciation and Amortization.....	Note 8	(71,987)	(62,159)
10	Property and Equipment - Net.....	Note 8	154,541	160,603
11	Other Assets.....		980	984
12	Total Assets.....		\$186,709	\$202,756
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$2,809	\$5,523
14	Notes Payable.....		0	3,548
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....		236	310
17	Income Taxes Payable and Accrued.....		39	34
18	Other Accrued Expenses.....	Note 9	13,589	9,232
19	Other Current Liabilities.....	Note 10	2,846	4,250
20	Total Current Liabilities.....		19,519	22,897
	Long-Term Debt:			
21	Due to Affiliates.....			
22	External.....		25	251
23	Deferred Credits			
24	Other Liabilities.....	Note 11	4,464	4,348
25	Commitments and Contingencies.....			
26	Total Liabilities.....		24,008	27,496
27	Stockholders', Partners', or Proprietor's Equity.....		162,701	175,260
28	Total Liabilities and Equity.....		\$186,709	\$202,756

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$145,873	\$173,390
2	Rooms.....		11,456	12,062
3	Food and Beverage.....		16,703	21,946
4	Other.....		1,990	3,255
5	Total Revenue.....		176,022	210,653
6	Less: Promotional Allowances.....		37,646	48,314
7	Net Revenue.....		138,376	162,339
	Costs and Expenses:			
8	Cost of Goods and Services.....		95,556	113,895
9	Selling, General, and Administrative.....		41,444	36,235
10	Provision for Doubtful Accounts.....		583	450
11	Total Costs and Expenses.....		137,583	150,580
12	Gross Operating Profit.....		793	11,759
13	Depreciation and Amortization.....		10,205	15,960
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....		373	681
16	Income (Loss) from Operations.....		(9,785)	(4,882)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....			
18	Interest Expense - External.....		(380)	(745)
19	CRDA Related Income (Expense) - Net.....		(862)	(732)
20	Nonoperating Income (Expense) - Net.....	Note 12	957	579
21	Total Other Income (Expenses).....		(285)	(898)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(10,070)	(5,780)
23	Provision (Credit) for Income Taxes.....		175	1,002
24	Income (Loss) Before Extraordinary Items.....		(10,245)	(6,782)
	Extraordinary Items (Net of Income Taxes -			
25	20__, \$0; 20__, \$0).....			
26	Net Income (Loss).....		(\$10,245)	(\$6,782)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)	
	Revenue:				
1	Casino.....		\$15,173	\$36,822	
2	Rooms.....		1,335	3,173	
3	Food and Beverage.....		2,052	4,440	
4	Other.....		305	639	
5	Total Revenue.....		18,865	45,074	
6	Less: Promotional Allowances.....		4,483	8,081	
7	Net Revenue.....		14,382	36,993	
	Costs and Expenses:				
8	Cost of Goods and Services.....		14,101	26,939	*
9	Selling, General, and Administrative.....		2,945	8,027	*
10	Provision for Doubtful Accounts.....		142	172	
11	Total Costs and Expenses.....		17,188	35,138	*
12	Gross Operating Profit.....		(2,806)	1,855	*
13	Depreciation and Amortization.....		27	3,868	*
	Charges from Affiliates Other than Interest:				
14	Management Fees.....				
15	Other.....		50	204	*
16	Income (Loss) from Operations.....		(2,883)	(2,217)	*
	Other Income (Expenses):				
17	Interest Expense - Affiliates.....				
18	Interest Expense - External.....		(82)	(273)	*
19	CRDA Related Income (Expense) - Net.....		8	(224)	
20	Nonoperating Income (Expense) - Net.....		181	179	
21	Total Other Income (Expenses).....		107	(318)	*
22	Income (Loss) Before Taxes and Extraordinary Items.....		(2,776)	(2,535)	*
23	Provision (Credit) for Income Taxes.....		0	238	
24	Income (Loss) Before Extraordinary Items.....		(2,776)	(2,773)	*
	Extraordinary Items (Net of Income Taxes -				
25	20__, \$____; 20__, \$____).....				
26	Net Income (Loss).....		(\$2,776)	(\$2,773)	*

* Restated to conform with current year presentation

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2004.....						\$228,934		(\$44,294)	\$184,640
2	Net Income (Loss) - 2005.....								(6,782)	(6,782)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6							(2,598)			(2,598)
7										0
8										0
9										0
10	Balance, December 31, 2005.....		0	0	0	0	226,336	0	(51,076)	175,260
11	Net Income (Loss) - 2006.....								(10,245)	(10,245)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Capital Withdrawals						(2,314)			(2,314)
16										0
17										0
18										0
19	Balance, December 31, 2006		0	\$0	0	\$0	\$224,022	\$0	(\$61,321)	\$162,701

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$7,390	\$6,982
2	CASH FLOWS FROM INVESTING ACTIVITIES:			
3	Purchase of Short-Term Investments			
4	Proceeds from the Sale of Short-Term Investments		446	138
5	Cash Outflows for Property and Equipment.....		(4,127)	(4,766)
6	Proceeds from Disposition of Property and Equipment.....		51	6
7	CRDA Obligations		(2,150)	(2,154)
8	Other Investments, Loans and Advances made.....			0
9	Proceeds from Other Investments, Loans, and Advances			0
10	Cash Outflows to Acquire Business Entities.....		0	0
11				
12	Net Cash Provided (Used) By Investing Activities.....		(5,780)	(6,776)
13	CASH FLOWS FROM FINANCING ACTIVITIES:			
14	Proceeds from Short-Term Debt		1,000	7,776
15	Payments to Settle Short-Term Debt.....		(4,548)	(4,228)
16	Proceeds from Long-Term Debt		(74)	0
17	Costs of Issuing Debt.....			0
18	Payments to Settle Long-Term Debt.....		(226)	(201)
19	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
20	Purchases of Treasury Stock.....			0
21	Payments of Dividends or Capital Withdrawals.....		(2,143)	(2,598)
22				
23	Net Cash Provided (Used) By Financing Activities.....		(5,991)	749
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(4,381)	955
25	Cash and Cash Equivalents at Beginning of Period.....		13,710	12,755
26	Cash and Cash Equivalents at End of Period.....		\$9,329	\$13,710
CASH PAID DURING PERIOD FOR:				
27	Interest (Net of Amount Capitalized).....		\$81	\$337
28	Income Taxes.....		\$175	\$994

The accompanying notes are an integral part of the financial statements.
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Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$10,245)	(\$6,782)
30	Depreciation and Amortization of Property and Equipment...		10,004	15,753
31	Amortization of Other Assets.....		201	207
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....		(37)	44
36	(Gain) Loss on CRDA-Related Obligations.....		862	732
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		3,024	934
39	(Increase) Decrease in Inventories		604	(89)
40	(Increase) Decrease in Other Current Assets.....		2,484	(2,204)
41	(Increase) Decrease in Other Assets.....		(197)	356
42	Increase (Decrease) in Accounts Payable.....		(2,714)	(1,558)
43	Increase (Decrease) in Other Current Liabilities		3,283	(710)
44	Increase (Decrease) in Other Liabilities		121	299
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....		\$7,390	\$6,982

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$4,127)	(\$4,766)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$4,127)	(\$4,766)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	212,264	\$5,904		
2	Food	427,187	6,428		
3	Beverage	1,707,717	4,653		
4	Travel			1,317	689
5	Bus Program Cash	357,696	7,593		
6	Other Cash Complimentaries	212,354	12,947		
7	Entertainment	3,244	111		
8	Retail & Non-Cash Gifts			601,573	4,428
9	Parking			379,798	1,140
10	Other	1,264	10		
11	Total	2,921,726	\$37,646	982,688	\$6,257

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	25,226	\$714		
2	Food	57,861	963		
3	Beverage	116,173	608		
4	Travel			119	55
5	Bus Program Cash	40,018	894		
6	Other Cash Complimentaries	29,338	1,245		
7	Entertainment	1,689	58		
8	Retail & Non-Cash Gifts			29,869	578
9	Parking			51,503	155
10	Other	179	1		
11	Total	270,484	\$4,483	81,491	\$788

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

3/29/2007

Date



Keith Crede
(filed on behalf of the Sands Casino
Hotel by Pinnacle Atlantic City)
Executive Director of Finance
Title

6939-11

License Number

On Behalf of:

ACE GAMING, LLC T/A SANDS CASINO HOTEL
Casino Licensee

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC
NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Business and Summary of Significant Accounting Policies

The Company

Atlantic Coast Entertainment Holdings, Inc., or Atlantic Holdings, owned and operated The Sands Hotel and Casino, or The Sands, located in Atlantic City, New Jersey, until November 17, 2006, through a wholly-owned subsidiary, ACE Gaming, LLC, or ACE Gaming or the Company, a New Jersey limited liability company.

Atlantic Holdings is an indirect subsidiary of, and its ultimate parent is, American Real Estate Partners, L.P., or AREP, a Delaware master limited partnership the units of which are traded on the New York Stock Exchange. As of December 31, 2006, affiliates of Mr. Icahn owned 9,813,346 preferred units and 55,655,382 depositary units, which represented approximately 86.5% of the outstanding preferred units and approximately 90.0% of the outstanding depositary units of AREP. Mr. Icahn is the Chairman of the Board of Directors of American Property Investors, Inc., or API, AREP's general partner. AREP is a holding company. Its operations are conducted through its subsidiaries and substantially all of its assets consist of a 99% limited partnership interest in its subsidiary, American Real Estate Holdings Limited Partnership, or AREH. AREH is a holding company for Atlantic Holdings' operating subsidiaries and investments. The general partner of AREH is API.

Sale of ACE Gaming

On September 3, 2006, the Atlantic Holdings, ACE Gaming, AREH and certain other entities affiliated with AREH entered into an acquisition agreement, or the acquisition agreement, with Pinnacle Entertainment, Inc., or Pinnacle, to consummate the sale of equity interest in ACE Gaming and certain real estate parcels, adjacent to The Sands Hotel and Casino, owned by affiliates of AREH. The transaction closed on November 17, 2006. The terms of the acquisition agreement required The Sands to close prior to the consummation of the transaction. Accordingly, on November 11, 2006, The Sands was closed and on November 16, 2006, the gaming license was voluntarily surrendered to the New Jersey Casino Control Commission, or the Commission.

Formation of the Company and Background

Atlantic Holdings was incorporated in Delaware on October 31, 2003 and was a wholly-owned subsidiary of Greate Bay Hotel and Casino, Inc., or GBHC, which was a wholly-owned subsidiary of GB Holdings, Inc., or GB Holdings. Until July 22, 2004, GBHC was the owner and operator of The Sands. ACE Gaming was formed in November 2003 to own and operate The Sands. Atlantic Holdings and ACE Gaming were formed in connection with a transaction, or the Transaction, which included a consent solicitation and offer to exchange, in which holders of \$110 million of 11% notes due 2005 issued by GB Property Funding Corp., a wholly-owned subsidiary of GB Holdings, or the 11% notes, were given the opportunity to exchange the 11% notes, on a dollar for dollar principal basis, for 3% notes, or 3% notes, and \$100 per \$1,000 of principal amount of 11% notes exchanged. The Transaction was consummated on July 22, 2004 and included, among other things the transfer of substantially all of the assets and certain liabilities of GB Holdings and GBHC to Atlantic Holdings. The 3% notes are guaranteed by ACE Gaming. Atlantic Holdings had limited operating activities prior to July 22, 2004. The exchange was consummated on July 22, 2004, and holders of \$66.3 million principal amount of the 11% notes exchanged those notes for \$66.3 million principal amount of 3% notes. At the election of the holders of a majority in principal amount of outstanding 3% notes, each \$1,000 principal amount of the 3% notes is payable in or convertible into 65.90909 shares of common stock, subject to adjustments for stock dividends, stock splits, recapitalizations and the like. Holders of the 11% notes that tendered in the consent solicitation and offer to exchange also received their pro rata share of the aggregate consent fees (\$6.6 million) at the rate of \$100 per \$1,000 principal amount of the 11% notes tendered, plus accrued, but unpaid, interest (\$2.3 million) on the 11% notes tendered, which amounts were paid at the consummation of the Transaction. As part of the Transaction, an aggregate of 10,000,000 warrants were distributed on a pro rata basis to the stockholders of GB Holdings upon the consummation of the transaction.

The warrants allow the holders to purchase, at an exercise price of \$0.01 per share, an aggregate of 2,750,000 shares of common stock and are only exercisable following the earlier of (a) either the 3% notes being paid in cash or upon conversion, in whole or in part, into common stock, (b) payment in full of the outstanding principal of the 11% notes exchanged, or (c) a determination by a majority of the board of directors of Atlantic Holdings (including at least one independent director) that the warrants may be exercised. Also on July 22, 2004, in connection with the consummation of the Transaction and the consent solicitation and offer to exchange, GB Property Funding Corp. and GBHC merged into GB Holdings, with GB Holdings as the surviving entity.

In connection with the transfer of the assets and certain liabilities of GB Holdings, including those of GBHC, Atlantic Holdings issued 2,882,837 shares of common stock to GBHC, which, following the merger of GBHC and GB Holdings, became the sole asset of GB Holdings. Substantially all of the assets and liabilities of GB Holdings and GBHC (with the exception of the remaining 11% notes and accrued interest thereon, the shares of common stock and the related pro rata share of deferred financing costs) were transferred. The Sands' New Jersey gaming license was transferred to ACE Gaming in accordance with the approval of the Commission. The transfer of assets has been accounted for as an exchange of net assets between entities under common control, whereby we will initially recognize the assets and liabilities transferred at their historical carrying amount in the accounts of the transferring entity at the date of transfer. No gain or loss relating to the transfer was recorded.

In connection with the Transaction, GB Holdings, Atlantic Holdings and ACE Gaming entered into a Contribution Agreement, pursuant to which GB Holdings contributed substantially all of its assets to the Company and the Company agreed to pay GB Holdings for its normal, ordinary course operating expenses (including legal and accounting costs, directors' and officers' insurance premiums, and fees for SEC filings), not to exceed in the aggregate \$250,000 in any twelve month period, until September 29, 2005, subject to a number of conditions. However, the holders of a majority of the aggregate principal amount of the outstanding 3% notes may elect to allow the Company to provide additional funds to GB Holdings for expenses.

On May 17, 2005, holders of a majority of aggregate principal amount of 3% notes elected to allow holders of such notes to convert the notes, in whole or in part, into shares of Atlantic Holdings common stock. Following this election, AREP, which owned an aggregate of \$63.9 million principal amount of the 3% notes, elected to convert \$28.8 million principal amount of 3% notes and accrued interest thereon, into 1,898,181 shares of common stock. Following such conversion, the warrants became exercisable into shares of Atlantic Holdings common stock. The board of directors may limit the exercise period by providing ninety day written notice of cancellation.

As a result of the conversion by AREP of 3% notes, and pursuant to the terms of the warrant agreement dated July 22, 2004, by American Stock Transfer and Trust Company as the warrant agent, as of May 17, 2005, holders of warrants may exercise their warrants to purchase 0.275 shares of common stock for each warrant that they own at an exercise price of \$0.01 per share.

On September 29, 2005, GB Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. On October 13, 2006, an Official Committee of Unsecured Creditors, or the Committee, of GB Holdings, was formed and was granted standing by the Bankruptcy Court to commence litigation in the name of GB Holdings against Atlantic Holdings, ACE Gaming and other entities affiliated with Mr. Icahn, as well as the directors of GB Holdings. The Committee originally filed an objection to the allowance of claims against GB Holdings. The committee also challenged certain parts of the Transaction. Mr. Icahn and affiliates maintained ownership of 7,748,744 shares of GB Holdings common stock. The Bankruptcy Court placed the consideration of the Committee's Proposed Plan of Liquidation and Disclosure Statement in abeyance until the resolution of the proposed litigation.

On September 6, 2006, holders of a majority of the outstanding principal amount of the 3% notes directed the Company to immediately convert all outstanding 3% notes into shares of common stock. As a result, affiliates of Mr. Icahn converted \$35.1 million of 3% notes to 2,314,986 shares of common stock and the remaining holders of \$2.3 million converted to 153,898 shares of common stock. As a result of such conversion, the indenture governing the 3% notes was deemed satisfied pursuant to its terms and Wells Fargo Bank National Association, as trustee, terminated the liens on assets and on the assets of ACE Gaming. As a result of

the above described transactions, on December 31, 2006, affiliates of Mr. Icahn owned an aggregate of 6,344,071 shares and GB Holdings owned 2,882,938 shares of Atlantic Holdings' outstanding common stock.

During the fourth quarter of 2006, entities affiliated with Mr. Icahn entered into a term sheet, or the term sheet, with the Committee, GB Holdings and Robino Stortini Holdings LLC, or RSH, which outlined the resolution of Claims relating to the July 2004 transactions. In 2005, RSH filed an action in Delaware Chancery Court, claiming to hold a beneficial interest in shares of stock and GB Holdings. The provisions of the term sheet were incorporated in the Committee's Eighth Modified Chapter 11 Plan of Liquidation of GB Holdings, or the Plan. On January 30, 2007, the Bankruptcy Court approved the Plan. On February 22, 2007, in accordance with the Plan, AREH acquired (1) all common stock owned by GB Holdings for a cash payment of approximately \$52 million and in satisfaction of all claims arising under the Loan and Security Agreement, dated as of July 25, 2005, between GB Holdings and Icahn affiliates and (2) all of the warrants to acquire Atlantic Holdings' common stock and Atlantic Holdings' common stock owned by RSH for a cash payment of \$3.7 million. In accordance with the Plan, GB Holdings used the \$52 million to pay amounts owed to its creditors, including the holders of GB Holding's 11% notes and holders of administrative claims and to establish an approximately \$330,000 fund to be distributed pro rata to holders of equity interests in GB Holdings other than Icahn affiliated entities. In addition, Atlantic Holdings and other Icahn affiliated entities received releases of all direct and derivative claims that could be asserted by GB Holdings, its creditors and stockholders, including RSH. As a result of the approval of the plan by the Bankruptcy Court and the subsequent consummation of the transactions set forth in the Plan, management believes that all claims against the Company in connection with the GB Holdings bankruptcy have been resolved.

Pursuant to the Plan, AREP acquired 2,882,938 shares of Atlantic Holdings' common stock from GB Holdings and warrants to acquire approximately 163,000 shares of Atlantic Holdings' common stock from RSH, and upon exercise of such warrants AREH will own approximately 9,389,511 shares of Atlantic Holdings' common stock, representing approximately 93.9% of Atlantic Holdings' common stock on a fully diluted basis.

Basis of Presentation

The significant accounting policies followed in the preparation of the accompanying financial statements are discussed below. The financial statements have been prepared in conformity with prescribed formats of the New Jersey Casino Control Commission ("CCC") and US generally accepted accounting principles. The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the balance sheets, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Casino Revenues and Promotional Allowances

Casino revenue was recorded as the net win from gaming activities (the difference between gaming wins and losses). Casino revenues were net of accruals for anticipated payouts of progressive and certain other slot machine jackpots. Gross revenues included the retail value of rooms, food and beverage and other items that were provided to customers on a complimentary basis. Such amounts were then deducted as promotional allowances. Promotional allowances also included incentives for goods and services earned in our slot club and other gaming programs.

Customers are rewarded through the use of loyalty programs, with points based on amounts wagered, that could be redeemed for a specified period of time for cash and non-cash awards. The cash incentive amounts are deducted from casino revenue.

Cash and Cash Equivalents

Cash and cash equivalents are generally comprised of cash and investments with original maturities of three months or less, such as commercial paper, certificates of deposit and fixed repurchase agreements.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents. Cash equivalents consist of interest-bearing deposits, money market funds and debt instruments, all of which are maintained with high credit quality financial institutions. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits. The Company has not experienced any losses in such accounts.

Inventories

Inventories stated at the lower of cost (on a first-in, first-out basis) or market.

Property and Equipment

Property and equipment purchased are stated at cost. Assets held under capital leases are stated at the lower of the present value of the future minimum lease payments or fair value at the inception of the lease. Expenditures for additions, renewals and improvements are capitalized and depreciated over their useful lives. Costs of repairs and maintenance are expensed when incurred. Leasehold acquisition costs are amortized over the shorter of their estimated useful lives or the term of the respective leases once the assets are placed in service.

Depreciation and amortization of property and equipment are computed using the straight-line method over the following useful lives:

Buildings and improvements.	25-40 years
Furniture, fixtures and equipment	3-15 years

The Company capitalizes interest incurred on debt during the course of qualifying construction projects. Such costs are added to the asset base and amortized over the related assets' estimated useful lives.

Long-Lived Assets

The Company periodically evaluates long-lived assets in accordance with the application of Statement of Financial Accounting Standards, or SFAS, No. 144 for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Inherent in the reviews of the carrying amounts of the above assets are various estimates. First, management must determine the usage of the asset. Assets must be tested at the lowest level for which identifiable cash flows exist. This means that some assets must be grouped, and management has some discretion in the grouping of assets. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If ongoing estimates of future cash flows are not met, the Company may have to record additional impairment charges in future accounting periods. Estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets of the operating property.

SLOT CLUB LIABILITY

The Company offered a program whereby participants could accumulate points for casino wagering that could be redeemed for cash, lodging, food and beverages, and merchandise. A liability was recorded for the estimate of unredeemed points based upon redemption history at the casino. Changes in the program, increases in membership and changes in the redemption patterns of the participants can impact this liability. Points expire after three months or when the casino closed.

SELF-INSURANCE

The Company retains the obligation for certain losses related to customer's claims of personal injuries incurred while on property as well as major medical claims for non-union employees. The Company accrues for outstanding reported claims, claims that have been incurred but not reported and projected claims based upon management's estimates of the aggregate liability for uninsured claims using historical experience, and adjusting our estimates and the estimated trends in claim values. Although management believes it has the ability to adequately project and record estimated claim payments, it is possible that actual results could differ

significantly from the recorded liabilities.

ALLOWANCE FOR OBLIGATORY INVESTMENTS

The Company maintains obligatory investment allowances for investments made in satisfaction of Casino Reinvestment Development Authority obligation. The obligatory investments may ultimately take the form of Casino Reinvestment Development Authority issued bonds, which bear interest at below market rates, direct investments or donations. Casino Reinvestment Development Authority bonds bear interest at approximately two-thirds of market rates. Management based its reserves on the type of investments the obligation has taken or is expected to take. Management has reserved the predominant balance of its obligatory investments at between 33% and 49%.

Income Taxes

The Company accounts for income tax assets and liabilities in accordance with SFAS No. 109.

SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The Company maintains valuation allowances where it is determined more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, management takes into account such factors as prior earnings history, expected future earnings, carryback and carryforward periods, and tax planning strategies. Management has determined that the realization of certain of the Company's deferred tax assets is more likely than not and, as such, has reduced the valuation allowance on those deferred tax assets.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes its estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior years financial statements to conform to the current fiscal year presentation. These reclassifications had no effect on net loss.

Recently Issued Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board issued FASB Interpretation 48, Accounting for Uncertainty in Income Taxes: an interpretation of FASB Statement No. 109. Interpretation 48, which clarifies Statement 109, Accounting for Income Taxes, establishes the criterion that an individual tax position has to meet for some or all of the benefits of that position to be recognized in the Company's financial statements. On initial application, Interpretation 48 will be applied to all tax positions for which the statute of limitations remains open. Only tax positions that meet the more-likely-than-not recognition threshold at the adoption date will be recognized or continue to be recognized. The cumulative effect of applying Interpretation 48 will be reported as an adjustment to retained earnings at the beginning of the period in which it is adopted.

Interpretation 48 is effective for fiscal years beginning after December 15, 2006. We have not been able to complete our evaluation of the impact of adopting Interpretation 48 and as a result, we are not able to estimate the effect the adoption will have on the financial position and results of operations.

In September 2006, the SEC issued Staff Accounting Bulletin, or SAB No. 108, which provides guidance on the process of quantifying financial statement misstatements. In SAB No. 108, the SEC staff establishes an approach that requires quantification of financial statement errors, under both the iron-curtain and the roll-over methods, based on the effects of the error on each of the financial statements and the related financial statement disclosures. SAB No. 108 is generally effective for annual financial statements in the first fiscal year ending after November 15, 2006. The transition provisions of SAB No. 108 permits existing public companies to record the cumulative effect in the first year ending after November 15, 2006 by recording correcting adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings. The adoption of SAB No. 108 did not have any impact on the financial statements.

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, where fair value is the relevant measurement attribute. The standard does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We believe that the adoption of SFAS 157 will not have a material impact on the financial statements.

Note 2. Related Party Transactions

On or about July 14, 2004, GBHC entered into a license agreement with Las Vegas Sands, Inc., or LV Sands, for the use of the trade name "The Sands" through May 19, 2086, subject to termination rights for a fee after a certain minimum term. This license agreement superseded the previous agreement entered into by an affiliate of Mr. Icahn which was subsequently assigned to GBHC. Payments under the agreement were made directly to LV Sands and no fees were paid to the affiliate of Mr. Icahn. The license agreement was assigned to ACE Gaming as of July 22, 2004. The Sands made payments to the licensor in connection with the trade name in amounts of \$299,000 and \$284,000, respectively, for the years ended December 31, 2006 and 2005.

The Company had entered into an intercompany services arrangement with American Casino & Entertainment Properties LLC, ACEP which is controlled by affiliates of Mr. Icahn, whereby ACEP provides management and consulting services. The Company is billed based upon an allocation of salaries plus an overhead charge of 15% of the salary allocation plus reimbursement of reasonable out-of-pocket expenses. During 2006 and 2005, the Company was billed approximately \$360,000 and \$708,000, respectively.

The Company had entered into an agreement with XO Holdings, Inc., a long-distance phone carrier affiliated with Mr. Icahn. Payments for such charges incurred for the years ended December 31, 2006 and 2005 amounted to \$189,000 and \$150,000, respectively.

The Company paid WestPoint Home, Inc., a home fashion products company affiliated with Mr. Icahn, \$98,000 for hotel supplies for the year ended December 31, 2006.

In connection with the Transaction, GB Holdings, Atlantic Holdings and ACE Gaming entered into a Contribution Agreement, pursuant to which, Atlantic Holdings paid \$0.0 million and \$2.6 million to GB Holdings for the years ended December 31, 2006 and 2005, respectively, which was recorded as a return of capital. Additionally, the Company agreed to pay GB Holdings normal, ordinary course operating expenses (including legal and accounting costs, directors' and officers' insurance premiums, and fees for SEC filings) not to exceed in the aggregate \$250,000 in any twelve month period, subject to a number of conditions.

In connection with the execution and consummation of the acquisition agreement, the Company entered into the indemnification agreement and the AREH escrow agreement. Pursuant to the indemnification agreement, the Company agreed to indemnify AREH for certain payments it was obligated to make to Pinnacle under the terms of the acquisition agreement. Pursuant to the AREH escrow agreement, Atlantic Holdings deposited its proceeds from the sale of ACE gaming into escrow to secure Atlantic Holdings' obligations under the AREH escrow agreement.

Note 3. Employee Benefit Plans

ACE Gaming administered and participated in The Sands Retirement Plan, a qualified defined contribution plan for the benefit of all of ACE Gaming employees, who satisfied certain eligibility requirements.

The Sands Retirement Plan was designed and operated to meet the qualification requirements under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") and contains a qualified cash-or-deferred arrangement meeting the requirements of section 401(k) of the Code. All employees of ACE Gaming, who have completed one year of service, as defined, and who have attained the age of 21, are eligible to participate in the Savings Plan.

The Sands Retirement Plan provided for an employer matching contribution based upon certain criteria, including levels of participation by The Sands' employees. The Company incurred matching contributions totaling \$0.4 million and \$0.4 million, respectively, for the years ended December 31, 2006 and 2005.

The Sands Retirement Plan was terminated in November 2006. The Company also contributed to multi-employer pension, health and welfare plans for its union employees. For the years ended December 31, 2006 and 2005, the Company recorded expenses for such plans of \$5.2 million and \$6.1 million, respectively.

Note 4. Commitments and Contingencies***Legal Proceedings***

On October 13, 2006, the Committee was granted standing by the Bankruptcy Court to commence litigation in the name of GB Holdings against ACEHI, ACE Gaming, AREP and other entities affiliated with Mr. Icahn as well as the directors of GB Holdings. During the fourth quarter of 2006 certain affiliates of Mr. Icahn, the Committee, GB Holdings and RSH, executed the term sheet, to resolve all claims relating to the Transaction. In connection with the Plan, on February 22, 2007, GB Holdings and its creditors and stockholders released ACEHI, ACE Gaming, Pinnacle and various other parties from all claims and causes of action including, but not limited to, claims and causes of action arising in connection with: the Transaction, in which ACEHI and ACE Gaming acquired the assets of GB Holdings; the sale of ACE Gaming to Pinnacle; and, various other matters. Pursuant to the Plan, one or more affiliates of Mr. Icahn acquired all of the Atlantic Holdings common stock owned by GB Holdings and RSH and all Atlantic Holdings warrants owned by RSH for cash payments. The Pinnacle escrow agreement amount of \$50 million was released on February 28, 2007 and the funds are now subject to the AREH escrow agreement.

ACE Gaming challenged its property tax assessment in the Tax Court of New Jersey beginning with the tax year 1996 and including each year thereafter through 2006. A trial was held with respect to tax years 1996 through 1999. On May 12, 2006 an opinion was issued by the tax court upholding the original assessment for 1996 and reducing the tax assessment for the remaining three years. Subsequently, ACE Gaming entered into a settlement agreement with the City of Atlantic City for all years, 1996 through 2006. The settlement provides for \$21 million to be paid to ACE Gaming, with \$5 million of that amount having been received as a lump sum in February 2007 and the remaining \$16 million to be received by ACE Gaming in the form of real estate tax credits, or cash payments, with payment in full to be received on or before November 1, 2011.

The Company is, from time to time, party to various legal proceedings arising in the normal course of business. The Company believes, however, there are no proceedings pending or threatened, which, if determined adversely, would have a material adverse effect upon financial conditions, results of operations or liquidity.

Note 5. New Jersey Regulations and Obligatory Investments

On November 16, 2006, in connection with the sale of ACE Gaming the casino license was voluntarily surrendered to the Commission.

The Control Act requires casino licensees to pay an investment alternative tax of 2.5% of Gross Revenue (the “2.5% Tax”) or, in lieu thereof, to make quarterly deposits of 1.25% of quarterly Gross Revenue with the Casino Reinvestment Development Authority (the “Deposits”). The Deposits are then used to purchase bonds at below-market interest rates from the Casino Reinvestment Development Authority (the “CRDA”) or to make qualified investments approved by the CRDA. The CRDA administers the statutorily mandated investments made by casino licensees and is required to expend the monies received by it for eligible projects as defined in the Control Act. The Company has elected to make the Deposits with the CRDA rather than pay the 2.5% Tax.

The Company purchased bonds that mature between February 2024 and November 2044 and bear interest between 3.4% and 7.0%. In addition, the Company had remaining funds on deposit and held in escrow by the CRDA. The bonds purchased and the amounts on deposit and held in escrow are collectively referred to as “Investments, Advances, & Receivables” on the accompanying financial statements.

Investments, Advances and Receivables are net of accumulated valuation allowances, based upon the estimated realizable values of the investments.

In April 2004, the casino industry, the CRDA and the New Jersey Sports and Exposition Authority agreed to a plan regarding New Jersey video lottery terminals or VLTs. Under the plan, casinos will pay a total of \$96 million over a period of four years, of which \$10 million will fund, through project grants, North Jersey CRDA projects and \$86 million will be paid to the New Jersey Sports and Exposition Authority which will then subsidize certain New Jersey horse tracks to increase purses and attract higher-quality races that would allow them to compete with horse tracks in neighboring states. In return, the race tracks and New Jersey have committed to postpone any attempts to install VLTs for at least four years. \$52 million of the \$86 million would be donated by the CRDA from the casinos' North Jersey obligations and \$34 million would be paid by the casinos directly. The Company made cash payments of \$308,000 and \$303,000 in satisfaction of this obligation for the years ended December 31, 2006 and 2005, respectively.

NOTE 6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	<u>November 17,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(in thousands)	
Deposits - Workers Compensation	\$ 2,738	\$ 3,121
Prepaid real estate tax	825	13
Prepaid insurance	104	2,549
Prepaid slot license fee	623	540
Other current assets	626	1,177
	<u>\$ 4,916</u>	<u>\$ 7,400</u>

NOTE 7. INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables consisted of the following Casino Reinvestment and Development Authority (“CRDA”) investments:

	<u>November 17,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	(in thousands)	
CRDA deposits	\$ 18,424	\$ 16,890
CRDA bond receivables	<u>7,727</u>	<u>8,175</u>
	26,151	25,065
Less valuation allowance on CRDA investments	<u>(12,709)</u>	<u>(12,135)</u>
	<u><u>\$ 13,442</u></u>	<u><u>\$ 12,930</u></u>

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>November 17,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
Land	\$ 54,272	\$ 54,344
Buildings and improvements	88,133	88,273
Operating equipment	83,129	79,921
Construction in progress	<u>994</u>	<u>224</u>
	226,528	222,762
Less: accumulated depreciation and amortization	<u>(71,987)</u>	<u>(62,159)</u>
Net property and equipment	<u><u>\$ 154,541</u></u>	<u><u>\$ 160,603</u></u>

NOTE 9. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following:

	<u>November 17,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(in thousands)	
Accrued - severance	\$ 4,383	\$ -
Accrued vacation	1,592	1,505
Accrued regulatory fees	1,388	360
Major Medical - Non-union	1,118	1,206
Other accrued expenses	5,108	6,161
	<u>\$ 13,589</u>	<u>\$ 9,232</u>

NOTE 10. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

	<u>November 17,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(in thousands)	
Workers Comp liability	\$ 1,548	\$ 1,584
Unredeemed gaming chips	245	682
Unredeemed \$1 tokens	184	198
CRDA bonds payable	182	459
Other current liabilities	687	1,327
	<u>\$ 2,846</u>	<u>\$ 4,250</u>

NOTE 11. OTHER LIABILITIES

Other liabilities consisted of the following:

	<u>November 17,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(in thousands)	
CRDA - East Hall	\$ 3,742	\$ 3,590
Other liabilities	722	758
	<u>\$ 4,464</u>	<u>\$ 4,348</u>

NOTE 12 NONOPERATING INCOME (EXPENSE) – NET

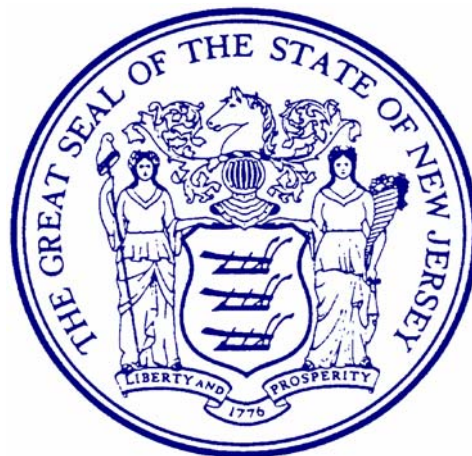
Nonoperating income (expense) – net is comprised of the following:

	<u>November 17,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(in thousands)	
CRDA Interest Income	\$ 683	\$ 510
Interest income	274	89
Re-organization expenses	-	(20)
	<u>\$ 957</u>	<u>\$ 579</u>

**ACE GAMING, LLC T/A SANDS CASINO HOTEL
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

ACE GAMING, LLC T/A SANDS CASINO HOTEL

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$0		
2	Returned Patrons' Checks.....	4,070		
3	Total Patrons' Checks.....	4,070	\$3,107	\$963
4	Hotel Receivables.....	206	49	\$157
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	807		
8	Total Other Receivables.....	807	409	\$398
9	Totals (Form CCC-205).....	\$5,083	\$3,565	\$1,518

UNDEPOSITED PATRONS' CHECKS ACTIVITY

Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$2,104
11	Counter Checks Issued.....	46,380
12	Checks Redeemed Prior to Deposit.....	(31,741)
13	Checks Collected Through Deposits.....	(13,863)
14	Checks Transferred to Returned Checks.....	(2,880)
15	Other Adjustments.....	0
16	Ending Balance.....	\$0
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$536
19	Provision as a Percent of Counter Checks Issued.....	1.2%

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC T/A SANDS CASINO HOTEL

EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2006

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	15			
2	Slot Machines	388			
3	Administration	78			
4	Casino Accounting	101			
5	Simulcasting	6			
6	Other	17			
7	Total - Casino	605	\$13,736	\$152	\$13,888
8	ROOMS	121	3,469		3,469
9	FOOD AND BEVERAGE	398	8,726	150	8,876
10	GUEST ENTERTAINMENT	126	613		613
11	MARKETING	154	4,951	393	5,344
12	OPERATION AND MAINTENANCE	132	3,795		3,795
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	11	225	839	1,064
14	Accounting and Auditing	45	8,335	520	8,855
15	Security	117	3,627		3,627
16	Other Administrative and General	67	3,191	82	3,273
	OTHER OPERATED DEPARTMENTS:				
17	Valet/Health Club	23	429		429
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,799	\$51,097	\$2,136	\$53,233

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.

ACE GAMING, LLC D/B/A SANDS CASINO HOTEL

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2006

Line

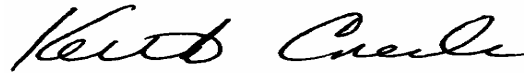
GROSS REVENUE:

1.	Table and Other Games.....	\$ 36,179,924
2.	Slot Machines	111,796,560
3.	Total Gross Revenue.....	147,976,484
4.	Adjustments.....	1,044,688
5.	Taxable Gross Revenue (line 3 plus line 4).....	149,021,172
6.	Tax on Gross Revenue - Reporting Year (8% of line 5).....	11,921,694
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	86,348
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7).....	12,008,042
9.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	(11,944,679)
	Settlement of Prior Years' Tax on Gross Revenue	
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits	(86,348)
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10)	\$ (22,985)

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 14, 2007

Date



Keith Crede

(filed on behalf of the Sands Casino
Hotel by Pinnacle Atlantic City)
Executive Director of Finance

Reporting for 2006 based on Sands Casino Hotel ceasing operations on November 10, 2006 and subsequently sold on November 17, 2006.